

Message Text

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12

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 (ISO) W

----- 056647

R 231047Z MAY 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4468

INFO AMEMBASSY AMMAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

USEC BRUSSELS 840

USMISSION OECD PARIS

USINT BAGHDAD

LIMITED OFFICIAL USE BEIRUT 6618

E.O. 11652: N/A

TAGS: ENRG, XX, SA, IZ

SUBJECT: PETROLEUM PRODUCTION TO INCREASE

REF: CIA/OER INT'L. OIL DEVELOPMENTS, 5/15

1. USUALLY WELL-INFORMED TRADEJOURNALIST, QUOTING
GOOD BUT ANONYMOUS SOURCES, TOLD EMBOFF ARAMCO OIL
PRODUCTION IN JUNE IS TO INCREASE TO SEVEN MILLION
BARRELS PER DAY AND WORLD PRODUCTION IN THIRD QUARTER
SHOULD BE 2-3 MILLION BPD HIGHER THAN PRESENT LEVEL.

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2. JOURNALIST, WHO SYMPATHETIC OPEC AND ARAB OIL VIEW-

POINTS, BELIEVES: 1) PRESENT PRODUCTION SLUMP DUE ENTIRELY DE-STOCKING, ACTUAL DEMAND BEING 3-4 MBPD ABOVE PRESENT PRODUCTION; 2) THERE NO REAL BREAK IN BASIC CRUDE PRICES, RECENT REDUCTIONS BEING MARGINAL; 3) CONTINUED EXPANSION PRODUCTION CAPACITY JUSTIFIABLE AS HEDGE AGAINST FUTURE INFLATION, GOVERNMENT OIL COMPANIES HAVING MUCH LONGER TIME HORIZONS THAN COMMERCIAL FIRMS.

3. HOWEVER, ANOTHER SOURCE RECENTLY IN BAGHDAD REPORTS THAT IRAQIS FEELING FINANCIAL PINCH AND CONTINUE LOWER FOB PRICE THEIR KIRKUK CRUDE AT EASTERN MED. HE THINKS INDIVIDUAL SPOT DEALS POSSIBLE IN REGION \$10.40-10.45/ BARREL, COMPARED \$10.60 RECENTLY AND CFP RPT CFP PRICE OF \$10.55. HE SAID TURKS CLAIM THEY PAYING \$10.21 FOR KIRKUK.
GODLEY

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Message Attributes

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Disposition Remarks:
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Margaret P. Grafeld
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05 JUL 2006

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Type: TE
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